

GLENN COUNTY AIR POLLUTION CONTROL DISTRICT

ARTICLE III CONSTRUCTION AUTHORIZATION AND REGISTRATION

INDEX

SECTION 50	<u>AUTHORIZATION TO CONSTRUCT</u>
SECTION 50.1	<u>PERMIT TO OPERATE</u>
SECTION 50.2	<u>APPLICATIONS</u>
SECTION 51	<u>NEW SOURCE REVIEW (NSR)</u>
SECTION 51.1	<u>STANDARDS FOR GRANTING APPLICATIONS.</u>
SECTION 51.2	<u>CONDITIONAL APPROVAL</u>
SECTION 52	<u>EMISSION REDUCTION CREDIT & BANKING RULE</u>
SECTION 54	<u>APPEALS</u>
SECTION 55	<u>OPERATION</u>
SECTION 56	<u>PUBLIC INFORMATION</u>
SECTION 57	<u>EXEMPTIONS</u>

**SECTION AUTHORIZATION TO CONSTRUCT.
50**

- A. Any person building, erecting, altering or replacing any article, machine, equipment or other contrivance, the use of which may cause the issuance of air contaminants or the use of which may eliminate or reduce or control the issuance of air contaminants, shall first obtain a written "authorization to construct" for such construction from the *Air Pollution Control Officer*.
- B. The *Air Pollution Control Officer* shall not approve such construction unless the applicant demonstrates to the satisfaction of the *Air Pollution Control Officer* that the source can be expected to comply with all applicable state and district regulations.
- C. An Authority to Construct shall expire upon the issuance of a Permit to Operate or two years from the date of issuance unless construction has commenced physically on the site and has been, and is being diligently pursued toward completion.

Sec 50.1. PERMIT TO OPERATE.

- A. No person shall operate any article, machine, equipment or other contrivance, for which an authorization to construct is required by these Regulations, without first obtaining a permit from the *Air Pollution Control Officer*.
- B. A permit to operate shall not be transferable, whether by operation of law or

otherwise, either from one location to another, from one piece of equipment to another, or from one person to another.

Sec 50.2. APPLICATIONS. Requests for an authorization to construct or a permit to operate shall be initiated by filing an application with the *Air Pollution Control Officer* together with the filing fee required by these regulations. No filing fee shall be required of any state or local government agency. The application shall contain all information necessary to enable the *Air Pollution Control Officer* to approve, approve subject to conditions, or deny the application.

SECTION NEW SOURCE REVIEW (NSR).

51

A. Purpose.

1. The purpose of this rule is to establish pre-construction review requirements for new and modified stationary sources of air pollution for use of Best Available Control Technology (BACT), analysis of air quality impacts, and to insure that the operation of such sources does not interfere with the attainment or maintenance of ambient air quality standards.
2. This rule shall provide for no net increase in emissions, pursuant to Section 40918 of the California Health & Safety Code, from new or modified stationary sources which emit, or have the potential to emit, 25 tons per year or more of any non-attainment pollutant or its precursors.

B. Applicability.

This rule shall apply to all new and modified stationary sources which are subject to District permit requirements and, after construction, emit or may emit any affected pollutants. This rule shall apply to any application for an Authority to Construct which is deemed complete after the effective date.

C. Effective Date.

This rule shall become effective upon the date of adoption.

D. Definitions.

For the purposes of this rule, the following definitions shall apply:

1. Actual Emissions means the measured or estimated emissions which most accurately represent the emissions from an emissions unit.
2. Actual Emissions Reduction (AER) means a reduction in actual emissions from an emissions unit selected for emission offsets or banking. Actual emissions reductions shall be calculated pursuant to Section F. of this rule and meet the following criteria:
 - a. Actual emission reductions shall be real, enforceable, quantifiable, and permanent.
 - b. Actual emission reductions shall be in excess of any emission reduction which is:
 1. required or encumbered by any laws, rules, regulations, or orders; or
 2. attributed to a control measure noticed for workshop, or proposed or contained in a State implementation plan; or
 3. contained as near-term measures in the adopted District

Air Quality Attainment Plan for attaining annual reductions required for the California Clean Air Act (CCAA).

- c. Actual emission reductions attributed to a proposed control measure may be re-eligible as actual emission reductions in the following circumstances:
 - 1. for control measures identified in the District's Air Quality Attainment Plan or State Implementation Plan, no rule has been adopted within two (2) years from the scheduled adoption date, provided, however, the *Air Pollution Control Officer (APCO)* has not extended the scheduled adoption date;
 - 2. for control measures not identified in the District's Air Quality Attainment Plan or State Implementation Plan, no rule has been adopted within two (2) years from the date of the latest public workshop notice.
- 3. Affected Pollutant means an air pollutant for which an ambient air quality standard has been established by the U.S. Environmental Protection Agency (EPA) or the California Air Resources Board (ARB), the precursors to such pollutants, and those substances regulated by the EPA or the ARB, or listed under Section E.1. of this rule.
- 4. Ambient Air Quality Standards means that ambient air quality standards shall be interpreted to include federal and state ambient air quality standards. For purposes of applicability of this rule to the State Implementation Plan (SIP), all references to ambient air quality standards shall be interpreted as National Ambient Air Quality Standards.
- 5. Best Available Control Technology (BACT) means for any emissions unit, the more stringent of:
 - a. the most effective emission control device, emission limit, or technique which has been required or used for the type of equipment comprising such emissions unit unless the applicant demonstrates to the satisfaction of the APCO that such limitations are not achievable; or
 - b. any other emission control device or technique, alternative basic equipment, different fuel or process, determined to be technologically feasible and cost-effective by the APCO. The cost-effective analysis shall be performed in accordance with the methodology and criteria specified by the APCO.

Under no circumstances shall BACT be determined to be less stringent than the emission control required by any applicable provision of District, State, or Federal laws or regulations, unless the applicant demonstrates to the satisfaction of the APCO that such limitations are not achievable.

- 6. Complete Application means an application that contains all information required by the District to adequately evaluate the nature

and extent of potential emissions of the new or modified emissions unit proposed for use in accordance with a list of required information as adopted by the District pursuant to Article 3, Sections 65940 through 65944 of Chapter 4.5, Division 1, Title 7 of the Government Code.

7. Contiguous Property means two or more parcels of land with a common boundary or separated solely by a public or private roadway or other public right-of-way.
8. Cost-Effective means a cost per pound of emission reduction which is deemed to be acceptable and feasible, on a pollutant and emissions unit basis, by the APCO.
9. Daily Emissions Limitation means one or a combination of permit conditions specific to an emissions unit which restricts its maximum daily emissions in pounds per day, at or below the emissions associated with the maximum design capacity. A daily emissions limitation must be:
 - a. contained in the latest Authority to Construct and contained in or enforceable by the latest Permit to Operate for the emissions unit; and
 - b. enforceable on a daily basis; and
 - c. established pursuant to permitting action occurring after March 2, 1993 and used in the calculation of the net emissions change.
10. Emissions Unit means an identifiable operation or piece of process equipment such as an article, machine, or other contrivance which emits, may emit, or results in the emission of any affected pollutant directly or as fugitive emissions.
11. Fluorides means elemental fluorine and all fluoride compounds.
12. Fugitive Emissions means those emissions which could not reasonably pass through a stack, chimney, vent, or other functionally equivalent opening.
13. Halogenated Hydrocarbons means 1,1,1-trichloroethane, trichlorofluoromethane (CFC-11), dichlorodifluoromethane (CFC-12), chlorodifluoromethane (CFC-22), trifluoromethane (CFC-23), methylene chloride, trichlorotrifluoroethane (CFC-113), dichlorotetrafluoroethane (CFC-114), and chloropentafluoroethane (CFC-115).
14. Impact Analysis means an air quality modeling analysis used to estimate the maximum ground level concentration of any pollutant subject to this rule. Maximum ground level concentration added to background levels shall be compared to ambient air quality standards.
15. Modification means any physical change or operational change to an existing emissions unit, including changing hours of operation or production rate, which would necessitate a change in permit conditions. A modification to a stationary source shall include any modification of its permitted emissions units or addition of any new emissions units. A reconstructed stationary source shall be treated as a new stationary source and not as a modification. A modification also occurs when there is an increase of emissions from an emissions unit which is not subject to a daily emissions limitation. The following shall

not be considered a modification:

- a. Routine maintenance or repair.
 - b. A change in ownership.
 - c. Replacement of an existing emissions unit, part of an existing unit, or emissions control device with a functionally identical piece of equipment and the potential to emit any air contaminant will not be greater from the new permit unit than from the replaced unit, when the replaced unit was operated at the same conditions as if current BACT were applied.
16. Net Air Quality Benefit means a net improvement in air quality resulting from actual emissions reductions impacting the same general area affected by the new or modified source.
 17. Non-attainment Pollutant means any pollutant, as well as any precursors of such pollutant, which has been designated non-attainment by the EPA in the Federal Register, or which has been designated non-attainment by the ARB pursuant to Section 39607 of the California Health & Safety Code.
 18. Offset means the use of an emissions decrease to compensate for an emission increase of an affected pollutant from a new or modified source subject to the District's NSR rule.
 19. PM-10 means particulate matter with aerodynamic diameter smaller than or equal to a nominal 10 microns as measured by an applicable reference test method, or methods found in Article 2, Subchapter 6, Title 17, California Code of Regulations (commencing with Section 94100).
 20. Potential to Emit means the maximum daily capacity of an emission unit to emit a pollutant under its physical and operational design. Any physical or operational limitation on the daily capacity of the unit to emit a pollutant, including pollution control equipment and restrictions in hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design only if the limitation or the effect it would have on daily emissions is incorporated into the applicable permit as an enforceable permit condition.
 21. Precursor means a directly-emitted pollutant that, when released to the atmosphere, forms, or contributes to the formation of a secondary pollutant for which an ambient air quality standard has been adopted. The following precursor relationships shall be used:

PRECURSOR	SECONDARY AIR
Reactive organic compounds	a. Photochemical oxidants (ozone)
	b. The organic fraction of PM-10
Nitrogen oxides	a. Nitrogen dioxide
	b. The nitrate fraction of PM-10
	c. Photochemical oxidants (ozone)

Sulfur oxides	a. Sulfur dioxide
	b. Sulfates
	c. The sulfate fraction of PM-10

22. Reactive Organic Compound (ROC or ROG) means any compound containing carbon, except methane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, ammonium carbonates, and halogenated hydrocarbons.
23. Reconstructed Source means any source undergoing physical modification where the fixed capital cost of the new components exceeds 50% of the fixed capital cost of a comparable entirely new stationary source. Fixed capital cost means that capital needed to provide all the depreciable components.
24. Reduced Sulfur Compounds means the sulfur compounds hydrogen sulfide, carbon disulfide, and carbonyl sulfide.
25. Seasonal Source means any source with more than 75% of its annual emissions occurring within a consecutive 120-day period.
26. Shutdown means either the permanent cessation of emissions from an emitting unit or the surrender of that unit's operating permit. If prior to the surrender of that unit's operating permit, the APCO determines that the emission unit(s) has been removed or fallen into an inoperable and unmaintained condition, the APCO may notify the owner of the intent to cancel the permit. If the owner cannot demonstrate to the satisfaction of the APCO, or does not respond within sixty days from the notice of the District's intent to cancel the permit, that the owner intended to operate again, then the APCO may cancel the permit and deem the source shutdown as of the date of the last emissions.
27. Stationary Source (Facility) means any building, structure, or emissions unit which emits or may emit any affected pollutant directly or as a fugitive emission. "Emissions unit" includes any operation, article, machine, equipment or other contrivance which emits or may emit any affected pollutant. "Building or structure" includes all pollutant-emitting activities including emissions units which:
 - a. are located on one or more contiguous or adjacent properties, and which may be separated by a public right-of-way; and
 - b. are under the same or common ownership, operation, or control, or which are owned or operated by entities which are under common control and belong to the same industrial grouping, either by virtue of falling within the same two-digit Standard Industrial Classification (SIC) Code or by virtue of being part of a common industrial process, manufacturing process, or connected process involving a common raw material.
28. Total Reduced Sulfur Compounds means the sulfur compounds hydrogen sulfide, methyl mercaptan, dimethyl sulfide, and dimethyl disulfide.

E. Requirements.

Any emissions unit subject to this rule shall be subject to the following requirements:

1. *Best Available Control Technology (BACT)*. An applicant shall apply BACT to any new emissions unit or modification of an existing emissions unit which results in an emissions increase and the potential to emit for the emissions unit is equal to or exceeds the following amounts:

Pollutant	Pounds per Day
Asbestos	0.030
Beryllium	0.002
Carbon monoxide	500.000
Fluorides	15.000
Hydrogen sulfide	50.000
Lead	3.200
Mercury	0.500
Nitrogen oxides	25.000
Particulate matter (PM-10)	80.000
Reactive organic compounds	25.000
Reduced sulfur compounds	50.000
Sulfur oxides	80.000
Sulfuric acid mist	35.000
Total reduced sulfur compounds	50.000
Vinyl chloride	5.000

2. *Offset Requirements, General*. Emission reductions shall be required from existing emission sources, sufficient to offset calendar quarter emission increases of non-attainment pollutants or their precursors associated with a new or modified stationary source and shall be determined as follows:
 - a. Offsets shall be required for a new stationary source with a potential to emit, calculated pursuant to Section F.5. of this rule, non-attainment pollutants or their precursors equal to or exceeding 25 tons per year.
The amount of offsets required shall be at least equal to that portion of the potential to emit which exceeds 25 tons per year.
 - b. Offsets shall be required for a modified stationary source under the following conditions:
 1. An existing stationary source which has a potential to emit less than 25 tons per year as of March 2, 1993, of non-attainment pollutants or their precursors shall offset that portion of the stationary source's potential to emit which, after modification of the stationary source, exceeds 25 tons per year from new or modified emissions units. A stationary source's potential to emit shall be calculated

pursuant to Section F.5. of this rule. After the potential to emit for a stationary source has exceeded these levels, and the applicant has provided actual emissions reductions to offset emission increases in excess of these levels, all future increases in potential to emit resulting from the permitting of new or modified emissions units shall be offset.

2. An existing stationary source which has a potential to emit, calculated pursuant to Section F.5. of this rule, non-attainment pollutants or their precursors equal to or exceeding 25 tons per year as of March 2, 1993, shall offset any increases in potential to emit resulting from the permitting of a new or modified emissions unit.
- c. Offset requirements for increases in carbon monoxide:
Offsets shall not be required for increases in carbon monoxide if the applicant demonstrates to the satisfaction of the APCO, through an impact analysis, that the ambient air quality standards are not violated in the areas to be affected, and such emissions will not cause or contribute to a violation of ambient air quality standards.
3. *Location of Offsets and Offset Ratios.*
 - a. Offset ratios and the corresponding distances from the proposed stationary source shall be:
 1. on-site, at a ratio of 1:1;
 2. within 20 miles, at a ratio of 1.2:1;
 3. from 20 miles to 50 miles, at a ratio of 1.5:1;
 4. over 50 miles, at a ratio of 2:1.

Use of offsite offsets must result in a net air quality benefit, as determined by the APCO.

- b. Offsets which are obtained from a source located in another District may be used only if the provisions of Health & Safety Code Section 40709.6 are met and the involved Districts enter into an agreement formalized by a memorandum of understanding.
4. *Interpollutant Offsets.* The APCO may approve interpollutant offsets on a case-by-case basis, provided that the applicant demonstrates to the satisfaction of the APCO, through the use of an impact analysis, that the emission increases from the new or modified source will result in a net air quality benefit and will not cause or contribute to a violation of any air quality standard. In such cases, the APCO may, based upon an air quality analysis, impose offset ratios greater than the requirements of this rule.
 - a. Interpollutant trades between PM-10 and PM-10 precursors may be allowed. PM-10 emission reductions shall not be allowed to offset NO_x or reactive organic compound (ROC) emissions increases in ozone nonattainment areas.
 - b. The PM-10 emissions from an existing stationary source shall be

recalculated from the TSP emissions increases and decreases which have occurred since August 20, 1983 using applicable PM-10 emission factors. When applicable PM-10 emission factors do not exist, assume 50 percent of TSP is PM-10.

- c. If the applicant has provided full offsets for TSP emissions occurring since August 20, 1983 but before March 2, 1993, those TSP emissions need not be recalculated as PM-10. However, any subsequent emissions increase in PM-10 emissions shall be subject to the offset requirements of the rule.
5. *Ambient Air Quality Standards.* In no case shall the emissions from the new or modified stationary source cause or worsen the violation of an ambient air quality standard. An impact analysis shall be used to estimate the effects of a new or modified source. In making this determination, the APCO shall take into account the mitigation of emissions through offsets obtained pursuant to this rule.
6. *Denial, Failure to Meet Standards.* The Air Pollution Control shall deny any Authority to Construct or Permit to Operate if the APCO finds that the subject of the application would not comply with the standards set forth in this rule.
7. *Compliance by Other Owned, Operated, or Controlled Sources.* The owner or operator of a proposed new or modified source shall certify to the APCO that all sources having a potential to emit in excess of 25 tons per year that are owned or operated by such person (or by an entity controlling, controlled by, or under common control) in California are in compliance with all applicable emission limitations and standards.

F. Calculations.

1. *Purpose.* The following calculations procedures shall be used to determine:
 - a. the emissions change for all new or modified emissions units; and
 - b. actual emissions reductions for all shutdowns and modified emissions units; and
 - c. the cumulative emissions increase from all new and modified emissions units for a stationary source.
2. *Definitions.* The following terms are used in the calculations procedure and are defined as follows:
 - a. Control Efficiency means the estimated control efficiency of the proposed air pollution control technology which will be incorporated, by means of (an) enforceable permit condition(s), in the Authority to Construct and Permit to Operate. Emission reductions attributed to lowering throughput rates or operating hours shall not be considered in determining control efficiency.
 - b. Historic Actual Emissions means actual emissions from an existing emissions unit averaged over two consecutive years immediately preceding the date of application. If the last two years are unrepresentative of normal operations as determined by the APCO, then two consecutive years of the last five years may

be used. Where an emissions unit has been in operation for less than two years, a shorter averaging period of at least one year may be used, providing it represents the full operational history of the emissions unit. For open biomass burning the emissions baseline years will be a five year period (1988 through 1992) and emissions shall be calculated under Section 52.K

- c. Historic Emissions means the potential to emit of an existing emissions unit prior to modification. For a new emissions unit, historic emissions are equal to zero.
 - d. Proposed Emissions means the potential to emit for a new or post-modification emissions unit.
3. *Procedure.* The calculation procedure shall be performed separately for each pollutant and each emissions unit. Emission increases and decreases shall be calculated separately for each calendar quarter pursuant to the following procedure:
 - a. Calculate the emissions change for each new or modified emissions unit and for each pollutant using Section F.4. of this rule.
 - b. If an increase is calculated for a pollutant, follow the procedures in Sections E.2. and E.4. of this rule to determine the amount of offsets required.
 1. Section E.1. to determine if BACT is required.
 2. Sections E.2. and F.5. to determine the amount of offsets required.
 - c. If a decrease is calculated for a pollutant, follow the procedures in Section F.4.b. of this rule to determine if emission reduction credits (ERC's) are generated.
 - d. If no emissions change is calculated for a pollutant, no further calculations are required.
4. *Calculating Emissions Changes.*
 - a. Emissions Increase
New or Modified Emissions Unit - The emissions change for a new or modified emissions unit shall be calculated by subtracting historic emissions from proposed emissions:
Emissions change = (Proposed emissions) - (Historic emissions)
 - b. Actual Emissions Reductions (AER)
 1. Shutdown of an Emissions Unit:
AER = Historic actual emissions
 2. Modification consisting solely of application of control equipment or implementation of more efficient process:
AER = (Historic actual emissions) x (Control efficiency)
 3. Other Modifications:
AER = (Historic actual emissions) - (Proposed emissions)
5. *Determining Potential to Emit for a Stationary Source.* The potential to emit for a stationary source shall be equal to the sum of potentials to emit for Permits to Operate (or Authority to Construct for emissions

units for which a Permit to Operate has not been issued), issued prior to March 2, 1993 for each emissions unit within a stationary source.

6. In addition, emissions increases from new or modified emissions units occurring on or after March 2, 1993, shall be added to the sum of potentials to emit for existing emissions units. In no case shall the potential to emit for a stationary source be adjusted for actual emissions reductions which occur after March 2, 1993.

G. Air Quality Impact Analysis.

In no case shall emissions from a new or modified emissions unit cause or worsen the violation of an ambient air quality standard. The APCO may require an applicant to use an air quality model to estimate the effects of a new or modified emissions unit. For the purpose of performing an impact analysis, the following shall apply:

1. Air quality models shall be consistent with the requirements contained in the most recent edition of EPA's "Guidelines on Air Quality Models, OAQPS 1.2-080", unless the APCO finds that such model is inappropriate for use. After making such a finding, the APCO may designate an alternative model only after allowing for public comment and only with the concurrence of the ARB and the EPA. All modeling costs associated with the siting of a new or modified emissions unit shall be borne by the applicant;
2. In performing an impact analysis, if the proposed stack height is higher than is dictated by good engineering practices, the actual height used for the purposes of modeling shall be calculated in accordance with good engineering practices.

H. Administrative Requirements.

The following administrative requirements shall apply to this rule:

1. *Complete Application.* The APCO shall determine whether the application is complete not later than thirty (30) days after receipt of the application, or after such longer time mutually agreeable to the applicant and the APCO. If the APCO determines that the application is not complete, the applicant shall be notified in writing of the decision and of the required additional information

Upon receipt of any re-submittal of the application, a new thirty (30)-day period to determine the completeness shall begin. Completeness or re-submittal of an application shall be evaluated on the basis of the information requirements set forth in District regulations (adopted pursuant to Article 3, Section 65940 through 65944 of Chapter 4.5, Division 1, Title 7 of the Government Code) as they exist on the date on which the application or re-submitted application was received.

2. Upon determination that the application is complete, the APCO may, during the processing of the application, request an applicant to clarify, amplify, correct, or otherwise supplement the information submitted in the application.

3. *Air Quality Models.* Only those models approved by the APCO may be used in the impact analysis.
4. *Preliminary Decision.* Following acceptance of an application as complete, the APCO shall perform the evaluations required to determine the compliance with this rule and make a preliminary written decision as to whether an Authority to Construct should be approved, conditionally approved, or disapproved. The decision shall be supported by a written analysis.
5. *Publication and Public Comment.* This section shall only apply to an emissions unit subject to the requirements of Section E.2. of this rule. Within ten (10) calendar days following a preliminary decision on the Authority to Construct, the APCO shall publish in at least one (1) newspaper of general circulation in the District, a notice stating the preliminary decision of the APCO noting how pertinent information can be obtained, and inviting written public comment for a thirty (30)-day period following the date of publication. Copies of such notice shall be sent to the ARB and EPA.
6. *Public Inspections.* The APCO shall make available at the District's office the information submitted by the applicant and the APCO's analysis no later than the time that the notice of preliminary decision is published. All such information shall also be transmitted, no later than the date of publication, to the ARB and EPA regional office. Information submitted which contains trade secrets shall be handled in accordance with Section 6254.7 of the Government Code and relevant sections of the Administrative Code of the State of California. Further, all such information shall be transmitted no later than the date of publication to the ARB and EPA regional office.
7. *Authority to Construct, Final Action.* Within 180 days after acceptance of an application as complete, the APCO shall take final action on the application after considering all written comments. The APCO shall provide written notification of the final action to the applicant, ARB, and EPA, and shall make the notification and all supporting documents available for public inspection at the District's office for all Authorities to Construct issued for emissions units subject to the requirements of Section E.2. of this rule.
8. *Requirements, Permit to Operate.* As a condition for the issuance of a Permit to Operate, the APCO shall require that the new source or modification, and any sources which provide offsets will be operated in the manner assumed in making the analysis to determine compliance with this rule.

The Permit to Operate shall include daily emissions limitations, including BACT. As a condition for the issuance of a Permit to Operate, any stationary source which provides emission offsets shall be subject to enforceable permit conditions, containing specific emissions limitations, and/or operational limitations which ensure that the emission reductions will be provided in accordance with the provisions

of this rule and shall continue for the reasonably expected life of the proposed source.

Where the source of offsets is a non-permitted source, the District shall require the non-permitted source to obtain an enforceable permit, complete with operational and emission limitations. If the source of offsets is a permit-exempt piece of equipment, that particular source must relinquish its exempt status.

If the District, pursuant to state laws or District regulations, cannot permit the source of offsets, the source creating the offsets shall execute a legally binding contract between the applicant and the owner or operator of such offset source, which contract, by its terms, shall be enforceable by the APCO. A violation of the emission limitation provisions of any such contract shall be chargeable to the applicant.

9. *Issuance, Permit to Operate.* The APCO shall issue a Permit to Operate for any stationary source which meets the requirements of this rule.

Any offsets required as a condition of an Authority to Construct or amendment to a Permit to Operate shall commence not later than the initial operation of the new or modified source, and the offsets shall be maintained throughout the operation of the new or modified source which is the beneficiary of the offsets. Further, the APCO shall determine that all conditions specified in the Authority to Construct have been or will be complied with by any dates specified. Where a new or modified stationary source is, in whole or part, a replacement for an existing stationary source on the same property, the APCO may allow a maximum of ninety (90) days as a start-up period for simultaneous operations of the existing stationary source and the new source or replacement.

10. *Regulations in Force Govern.* The granting or denial of an Authority to Construct shall be governed by the requirements of this rule in force on the date the application is deemed complete. In addition, the APCO shall deny an Authority to Construct for any new stationary source or modification, or any portion thereof, unless the new source or modification, or applicable portion thereof, complies with the provisions of this rule and all other applicable District rules and regulations.
11. *Permit Conditions.* The APCO shall have the authority to place conditions on the Authority to Construct and/or Permit to Operate which will ensure that the construction, modification, or operation of such source will comply with all applicable rules and regulations. Such conditions may include, but not be limited to: hours of operation; processing parameters; periods of use; and emission limitations on an hourly, daily, or yearly basis.

I. Power Plants.

This section shall apply to all power plants proposed to be constructed in the District and for which a Notice of Intention (NOI) or Application for Certification has been accepted by the California Energy Commission (CEC). The APCO may apply for reimbursement of all costs incurred, including lost fees, in order to comply with the provisions of this section.

1. *Intent to Participate and Preliminary Report.* Within fourteen (14) days of receipt of an NOI, the APCO shall notify the ARB and the CEC of the District's intent to participate in the NOI proceeding. If the District chooses to participate in the NOI proceeding, the APCO shall prepare and submit a report to the ARB and the CEC prior to the conclusion of the non-adjudicatory hearing specified in Section 25509.5 of the Public Resources Code. That report shall include, at a minimum:
 - a. A preliminary specific definition of BACT for the proposed facility; and
 - b. A preliminary discussion of whether there is a substantial likelihood that the requirements of this rule and all other District regulations can be satisfied by the proposed facility; and
 - c. A preliminary list of conditions which the proposed facility must meet in order to comply with this rule or any other applicable District regulation.

The preliminary determinations contained in the report shall be as specific as possible within the constraints of the information contained in the NOI.

2. *Determination of Compliance Review.* Upon receipt of an Application for Certification (AFC) for a power plant, the APCO shall conduct a Determination of Compliance review. This determination shall consist of a review identical to that which would be performed if an application for an Authority to Construct had been received for the power plant. If the information contained in the AFC does not meet the requirements of this rule, the APCO shall, within twenty (20) calendar days of receipt of the AFC, so inform the Commission, and the AFC shall be considered incomplete and returned to the applicant for re-submittal.
3. *Equivalency of Application.* The APCO shall consider the AFC to be equivalent to an application for an Authority to Construct during the Determination of Compliance review, and shall apply all provisions of this rule which apply to an application for an Authority to Construct.
4. *Need for Additional Information.* The APCO may request from the applicant any information necessary for the completion of the Determination of Compliance review. If the APCO is unable to obtain the information, the APCO may petition the presiding Commissioner for an order directing the applicant to supply such information.
5. *Preliminary Determination.* Within 180 days of accepting an AFC as complete, the APCO shall make a preliminary decision on:
 - a. whether the proposed power plant meets the requirements of this rule and all other applicable District regulations; and

- b. in the event of compliance, what permit conditions will be required, including the specific BACT requirements and a description of required mitigation measures. The preliminary written decision under Section H.5. of this rule shall be treated as a preliminary decision under Section H.3. of this rule, and shall be finalized by the APCO only after being subject to the public notice and comment requirements of Sections H.4 through H.6. of this rule. The APCO shall not issue a Determination of Compliance unless all requirements of this rule are met.
- 6. *Determination of Compliance.* Within 240 days of the filing date, the APCO shall issue and submit to the Commission a Determination of Compliance or, if such a determination cannot be issued, shall inform the CEC. A Determination of Compliance shall confer the same rights and privileges as an Authority to Construct only when and if the Commission approves the AFC, and the Commission certificate includes all conditions of the Determination of Compliance.
- 7. *Permit to Operate.* Any applicant receiving a certificate from the CEC pursuant to this section and in compliance with all conditions of the certificate shall be issued a Permit to Operate by the APCO.

Sec 51.1. STANDARDS FOR GRANTING APPLICATIONS.

- A. Before an Authorization to Construct or Permit to Operate is granted, the *Air Pollution Control Officer* may require the applicant to provide such facilities as necessary for sampling and testing purposes in order to secure information that will disclose the nature, extent, quantity or degree of air contaminants discharged into the atmosphere from the equipment described in the Authorization to Construct or Permit to Operate. In the event of such a requirement, the *Air Pollution Control Officer* is required to notify the applicant in writing of the required size, number and location of sampling holes; the size and location of the sampling platform; and the utilities for operating the sampling and testing equipment. The platform and access shall be constructed in accordance with the General Industry Safety Orders of the State of California.
- B. The fact that an Authorization to Construct or Permit to Operate an article, machine, equipment or other contrivance described therein shall have been issued by the *Air Pollution Control Officer* shall not be an endorsement of such article, machine or other contrivance nor shall it be deemed or constructed to be a warranty, guarantee or representation on the part of the *Air Pollution Control Officer* that emission standards may not be exceeded by such article, machine, equipment or other contrivance. In every instance the person, firm or corporation to whom such authorization or permit is issued shall be and remain responsible under these regulations for each and every instance wherein emission standards are exceeded by the article, machine, equipment or other contrivance described in the authorization or permit, and the fact of issuance of authorization or permit shall not be defense to or mitigation of any charge of violation.
- C. In acting upon a Permit to Operate, if the *Air Pollution Control Officer* finds that the article, machine, equipment or other contrivance has been

constructed not in accordance with the Authorization to Construct, he shall deny the permit. The *Air Pollution Control Officer* shall not accept any further application for permit to operate any article, machine, equipment or other contrivance so constructed until he finds that the article, machine, equipment or other contrivance has been reconstructed in accordance with the Authorization to Construct.

Sec 51.2. CONDITIONAL APPROVAL. The *Air Pollution Control Officer* may issue an Authorization to Construct or a Permit to Operate, subject to conditions which will bring the operation of any article, machine, equipment, or other contrivance within the permit standards of these Regulations, in which case the conditions shall be specified in writing. Commencing work under such an Authorization to Construct, or operation under such a Permit to Operate, shall be deemed acceptance of all the conditions so specified. The *Air Pollution Control Officer* shall issue an Authorization to Construct or a Permit to Operate with revised conditions upon receipt of a new application, if the applicant demonstrates that the article, machine, equipment or other contrivance can operate within the permit standards under the revised conditions.

SECTION 52 EMISSION REDUCTION CREDIT AND BANKING RULE.

- A. Applicability Of This Rule.** The provisions of this Rule apply to the deposit, transfer, and use of emission reduction credits (ERCs) from stationary sources and open biomass burning sources of air pollution emissions. References in this rule to non-permitted source, permit exempt, shutdown, curtailment, authority to construct and permit to operate do not apply to open biomass burning sources. Additional details and procedures covering open biomass burning sources can be found in the Manual of Procedures (MOP) for this rule.
- B. Purposes Of This Rule.**
1. To provide a mechanism for permitted and non-permitted emission sources to deposit, transfer, and use ERCs as offsets as allowed by applicable laws and regulations. To ensure that all emission reductions are transferred through the District's emission reduction credit bank pursuant to the Health and Safety Code. All transfers and uses of emission reductions that are required under the District's New Source Review (NSR) Rule, Sec. 51., shall be processed in accordance with this rule.
 2. To define ERC eligibility standards, quantitative procedures, and administrative practices and to ensure that ERCs are real, permanent, quantifiable, surplus, and enforceable. Reductions in emissions from the required phasedown of rice straw burning qualify as surplus pursuant to Section 41865 of the California Health and Safety Code.
 3. To provide a mechanism for intrabasin transfer and use of banked ERCs.
 4. To ensure that open biomass burning is prohibited for a parcel for which an ERC exists.
- C. Definitions Of Terms.**
1. Actual emissions are the measured or estimated emissions that most accurately represent the emissions from an emissions unit.

2. Actual emission reductions means a reduction in actual emissions from an emissions unit selected for emission offsets or banking. Actual emission reductions shall be calculated on a quarterly basis, pursuant to Section D. of this rule, and shall meet the following requirements:
 - a. Emission reductions shall be real, enforceable, quantifiable, and permanent.
 - b. Emission reductions shall be in excess of any emission reductions that are:
 1. Required or encumbered by any laws, rules, regulations or orders; or
 2. Attributed to a control measure noticed for workshop, or proposed or contained in a State Implementation Plan; or
 3. Contained as near-term measures in the adopted District Air Quality Attainment Plan for attaining annual reductions required for the California Clean Air Act (CCAA). Actual emission reductions attributed to a proposed control measure, may be re-eligible as actual emission reduction in the following circumstances:
 - a. For control measures identified in the District Air Quality Attainment Plan or State Implementation Plan, no rule has been adopted within two (2) years from the scheduled adoption date provided, however, the Air Pollution Control Officer (APCO) has not extended the scheduled adoption date:
 - b. For control measures not identified in the District Air Quality Attainment Plan or State Implementation Plan, no rule has been adopted within two (2) years from the date of the latest public workshop notice.
3. Affected pollutants are all air pollutants for which an ambient air quality standard has been established by the U.S. Environmental Protection Agency (EPA) or the California Air Resources Board (ARB), and the precursors to such pollutants.
4. An applicant is the person, entity, landowner or their designee applying for an ERC certificate.
5. Bankable emissions are reductions in affected pollutants which meet the provisions of the District's Banking and NSR Rules.
6. Banking system means the procedures for quantifying, certifying, recording, and storing ERCs for future use or transfer.
7. A banking register is the document that records all ERC applications, deposits, withdrawals, transfers, and other transactions including the claiming of open biomass burning offset credits by stationary sources existing prior to first adoption of this Rule.
8. Biomass means material derived from the harvesting of crops or removal of vegetation, including timber, except for material from processed dimensional timber.
9. The estimated control efficiency of the proposed air pollution control technology which will be incorporated, by means of enforceable permit

conditions, in the authority to construct and permit to operate. Emission reductions attributed to lowering throughput rates or operating hours shall not be considered in determining control efficiency.

10. Emission reduction credits are reductions of actual emissions from an emission source that are registered with the District in accordance with this banking rule. Reductions will be specified by pollutant, by location, and in units of pounds per calendar quarter.
11. An emissions unit is an identifiable operation, process or control equipment, such as an article, machine, or other contrivance, which emits, may emit, or results in the emissions of any affected pollutant directly or as fugitive emissions.
12. An ERC certificate is a document certifying title to defined quantities and types of emission reductions issued by the District to the owner(s) identified on the certificate.
13. Historic actual emissions are actual emissions from an existing emissions unit averaged over the two consecutive years immediately preceding the date of application. If the last two years are unrepresentative of normal operations as determined by the APCO, then two consecutive years of the last five years may be used. Where an emissions unit has been in operation for less than two years, a shorter averaging period of at least one year may be used, providing it represents the full operational history of the emissions unit. For open biomass burning the emissions baseline years will be a five year period (1988 through 1992) and emissions shall be calculated under Section K of this rule.
14. A no-burn list is a list of parcels for which ERCs exist and which will not receive burn permits.
15. Non-permitted emissions are emissions of pollutants into the atmosphere from sources that do not have air pollution operating permits. Non-permitted sources include exempt facilities.
16. Offset means using an emission decrease from one or more sources to compensate for an emission increase in a non attainment pollutant or its precursor from a new or modified source subject to the requirements of the District's New Source Review Rule.
17. A parcel is a legally identifiable piece of land, or a portion of that land, or combined lands, under common ownership and as registered with the County Assessor's office for tax purposes.
18. The potential to emit is the maximum daily capacity of a stationary source or emissions unit to emit affected pollutants under its physical and operational design. Any physical or operational limitation on the daily capacity of the source or unit to emit a pollutant, including pollution control equipment and restrictions in hours of operation, type of material combusted, stored, or processed, shall be treated as part of its design limitation if they are incorporated into the applicable permit as enforceable permit conditions.
19. Proposed emissions means the potential to emit for a new or post-modification emissions unit.

20. A registered owner is the person, entity, landowner or their designee in whose name the ERC certificate is issued and listed in the banking register.
21. Shutdown means either the earlier of the permanent cessation of emissions from a source or an emission unit or the surrender of that unit's or source's operating permit. If prior to the surrender of the operating permit, the APCO determines that the source or emission unit has been removed or fallen into an inoperable and unmaintained condition, the APCO may notify the owner of the intent to cancel the permit. If the owner cannot demonstrate to the satisfaction of the APCO, or does not respond within 60 days from the District's notice to cancel the permit, that the owner intended to operate again, then the APCO may cancel the permit and deem the source shutdown as of the date of the last emissions.
22. A source is any building, structure, facility, or emission unit which emits or may emit any affected pollutant directly or as a fugitive emission. A source may have a permit to operate or be exempt from permit. For purposes of this rule open biomass burning will be considered a source and such activity requires an annual burning permit.
23. A transfer is the conveyance of an ERC certificate from one entity to another.

D. Eligibility of Emissions Reductions for Credits. Upon application to the District within 365 days of date of adoption or 365 days after the emission reductions occurred the following emissions reductions may qualify for ERC certificates. For open biomass burning the application period and eligibility requirements are specified in other Sections of this Rule. Emission reductions will be deemed to have occurred on the date when emissions actually decreased. For open biomass burning the emission reduction will be deemed to have occurred when the parcel(s) has been put onto the no-burn list. The District may claim emission reductions not applied for as ERCs under this rule, from any source, and use such emission reductions toward attainment of air quality standards or deposit the emission reductions into the community bank. Sections D.(1,2,3,5,6,7) of this rule do not apply to open biomass burning sources.

1. For non-permitted sources the following additional requirements shall apply:
 - a. Emissions must have been included in the 1987 emissions inventory.
 - b. The applicant for the ERCs must apply for and obtain a Permit to Operate from the District or execute a legally binding contract with the District or through other enforceable means.
 - c. An applicant who proposes to bank emissions from permit exempt sources must relinquish the exempt status and obtain permits for any new or modified sources of the same type.
 - d. If the emission reduction is due to the shutdown of a non-permitted source, the applicant must demonstrate to the satisfaction of the APCO that the emissions reductions from the

source meet all applicable requirements of this rule. The source can no longer be operated within the District unless and until a Permit to Operate is obtained from the District.

2. Under no circumstances shall any emissions reductions occurring before date of adoption, other than as described in Section D.3. of this rule be eligible for ERC certificates.
3. Emissions reductions occurring after December 31, 1987 and before date of adoption.
 - a. Emission reductions formally recognized by the District (in written form, emission databases, etc.) shall be deemed eligible emission reductions, provided the APCO determines that such emission reductions comply with the definition of actual emission reduction.
4. Emissions reductions occurring after date of adoption, the following criteria must be met in order to deem such emissions reductions eligible for ERC banking:
 - a. Emission reductions are calculated in accordance with District procedures contained in the NSR Rule or, for biomass burning, in this rule and comply with the definition of actual emission reductions.
5. A source which obtained offsets pursuant to the District's New Source Review Rule and was issued an Authority to Construct after December 31, 1987, may apply to bank such offsets if the Authority to Construct is canceled or if the Permit to Operate is voluntarily modified or surrendered or is revoked by the District.
6. The following emission reductions are not eligible for ERCs for banking:
 - a. Emission reductions from the shutdown or curtailment of retail gasoline dispensing or retail dry cleaning operations. These facilities may be eligible if they can demonstrate to the satisfaction of the APCO that their emission reductions are not offset by increases in demand and emissions from other similar sources within the District.
 - b. Emission reductions occurring from the shutdown or curtailment of a stationary source for which the offsets originally provided are no longer enforceable by the District.
 - c. Emission reductions occurring from the shutdown or curtailment of a stationary source for which the District originally provided the required offsets.
7. Emission reduction credits resulting from shutdowns or curtailment of sources shall not be more than the quantity of emissions that would have been emitted had the source operated in compliance with rules and regulations applicable to the source at the time of shutdown or curtailment.

E. Application Procedures For Emission Reduction Credits.

1. Any person, entity, landowner, or authorized agent, which owns or operates a source at which an eligible emission reduction has occurred or will occur may apply for an ERC certificate in accordance with the

requirements of this Rule. For open biomass burning sources, if the applicant is not the landowner, written authorization from the landowner must be included with the application for an ERC certificate.

2. The person or entity requesting the ERC certificate shall make an application on forms supplied by the District.
3. The application may be for reductions in one or more affected pollutants. The application shall contain sufficient information to allow for adequate evaluation of actual emission reductions. The application for an ERC certificate for open biomass burning may include more than one parcel but must have separate emission calculations for each parcel or portion of a parcel covered in the application.
4. Applicants may claim confidentiality of information contained in the application pursuant to applicable provisions of the Federal Clean Air Act, Government Code, and the Health and Safety Code
5. Applications for reductions in open biomass burning must be submitted by May 1 of each year beginning December 1, 1996. The application may be submitted for any burning reductions occurring in the previous or current calendar year ending December 31.
6. To verify emission reductions claimed in conjunction with an application for an ERC certificate, the District may require source tests by ARB approved methods, continuous monitoring, production records, fuel use records, or any other appropriate means. For open biomass burning, verification of emission reductions shall be in accordance with Section K. and the MOP.

F. **Administrative Procedures And Timetable.** For ERCs for open biomass burning reductions, a separate administrative timetable is found in the Manual of Procedures.

1. The APCO shall determine whether an ERC application is complete not later than thirty (30) calendar days following receipt of the application, or after a longer time period agreed upon in writing by both the applicant and the APCO.
2. If the APCO determines that the application is not complete, the applicant shall be notified in writing of the decision, specifying the additional information that is required. The applicant shall have sixty (60) days, or a longer time period agreed upon in writing by both the applicant and the APCO, to submit the requested information. Upon receipt of additional information, the APCO shall have another thirty (30) days to determine completeness. If no information is submitted or the application is still incomplete, the APCO may cancel the application with written notification to applicant.
3. Upon determination that the application is complete, the APCO shall notify the applicant and ARB in writing. Thereafter, only information to clarify, correct, or otherwise supplement the information submitted in the application may be requested by the District.
4. Withdrawal of a ERC application by an applicant shall result in cancellation of the application; any re-submittal will be processed as a new application.

5. Upon acceptance of an application as complete, the APCO shall have 180 days to take final action on the application after considering all written comments. Upon completion of the initial assessment, the APCO shall provide written notice of such to the applicant and shall also provide written notice to the ARB and the EPA and publish notice in a local newspaper of general circulation. The notice shall specify the applicant, the quantity of emission reduction credits requested and a copy of the initial assessment. The notice requirements shall be waived by the APCO if the emission reduction credits applied for are less than 10,000 pounds per quarter per pollutant except for CO which is 20,000 pounds per quarter, and open biomass burning credits for less than 500 acres per parcel.
6. Publication of the notice shall commence a thirty (30) day public comment period during which the APCO shall accept written comments on the merits of the ERC application. Upon conclusion of this thirty (30) day period, the APCO shall have another thirty (30) days to render a decision to approve, conditionally approve, or deny the application. This decision shall be provided in writing to the applicant.
7. The applicant or any other party may appeal the APCO's decision following provisions specified in District regulations.

G. Registration Of Emission Reduction Credits.

1. The District shall maintain a bank register, which shall consist of the following:
 - a. A record of all deposits, withdrawals, and other transactions with regard to the District's banking system.
 - b. A record of all open biomass burning offset credits derived from reduced burning within the District and which are claimed by stationary sources existing prior to the adoption of this rule (pre-existing source).
2. Offset credits claimed from reduced open biomass burning by a pre-existing stationary source within the District shall be reported to the District for incorporation into the banking register. Such offsets shall be incorporated into the banking register within two years after the date of Rule adoption. The offsets shall not be subject to adjustments under Section H of this rule. In the event that open burning biomass offset credits are claimed by a pre-existing stationary source and obtained from outside the District, the District shall report the claiming of such credits to the District of origin of the biomass material.
3. In the event that open burning biomass emission credits are claimed by a new or modified stationary source as offsets and obtained from outside the District, the District shall report the claiming of such offset credits to the District of origin of the biomass material.
4. The APCO may only grant an ERC certificate after the emission reductions have actually occurred and upon satisfaction of either of the following applicable provisions:
 - a. If the emission reductions were created as a result of greater operating efficiencies, reduced throughput, shortened operating

hours, or from the application of more efficient control technology and a revised Permit to Operate was issued. This revised permit must include specific quantifiable emission limits reflecting the reduced emissions.

- b. If the emission reductions were created as a result of the shutdown of a permitted source or emitting unit, and the Permit to Operate has been surrendered and voided or modified to ensure that the emissions reductions are permanent.
5. When all the requirements of this rule have been satisfied and the emission reduction has actually occurred, the APCO shall issue the ERC certificate. After granting an ERC certificate, the name on the certificate shall be entered into the banking register. Such information may be made available for public inspection.
6. All ERC certificate information concerning titles, interests, liens, restrictions, encumbrances, and other changes of record shall be identified in the District's banking register until the certificate is canceled or nullified by operation of law.
7. Each ERC certificate shall be numbered, bear the date of issuance, be signed by the APCO, bear the seal of the District, and contain information regarding the quantity and type of ERCs. One copy of the ERC certificate shall be retained by the District and the original shall be delivered to the applicant. Transmittal of the ERC certificate to the owner shall be accomplished in person or by registered mail. The person accepting the ERC certificate shall sign a receipt therefor and provide such proof of identity as the APCO may require.
8. At the option of joint owners of ERCs, such persons may receive one ERC certificate for the entirety or separate ERC certificates reflecting each proportional share and separate ownership. The District's bank shall reflect the consolidation or separation of the ERCs.
9. Title to an ERC certificate shall be deemed registered at the time the required information concerning the ERC is entered into the banking register. Title will be vested in the applicant's name or his/her designee and shall inure to the benefit of his or her heirs. In the case of ERCs granted for open burning of biomass, title will be vested with the landowner or the landowner's designee.
10. All dealings with ERCs and all liens, restrictions, encumbrances, and changes subsequent to the first registration shall be deemed to be subject to the terms of this regulation, and to such amendments and alterations as may hereafter be made.
11. The APCO may re-issue lost or destroyed ERC certificates after the owner certifies in writing that the original has been lost or destroyed.

H. Adjustments To Emission Reduction Credits.

1. Except as provided in Section H.2., below, the District shall place five percent (5%) of the emissions reductions before ERCs are granted and apply the emissions toward attainment of the air quality standards or place the emissions into a community bank controlled by the District for use by essential public services, such as sewage treatment, schools, hospitals, fire fighting, police, jail, water delivery, and mandated

cleanup operations.

2. An applicant may restrict use of the ERCs only for applicants own future use, at the same parcel or site, in which case the District will not adjust the ERCs. The applicant may have the restriction removed by the District upon payment of costs incurred by the District to re-issue an unrestricted ERC certificate.
3. Deposits are permanent until used by the depositor or any party to whom the ERC certificate has been transferred. After issuance of the certificate, subsequent changes in regulations to require the type of emission reduction which has been banked shall not reduce or eliminate the ERC.
4. Owners of ERC certificates may donate their ERCs to the District for purposes of assisting the District towards attainment of the air quality standards.

I. Transfer And Use Of Emission Reduction Credits.

1. ERCs may be used at the time of, or anytime after deposit into the District's banking system by the registered owner, or owner's designee of the ERC certificate to provide offsets for increase in emissions from new or modified sources subject to the New Source Review Rule.
2. Transfer in whole or in part of an ERC certificate shall be done by the registered owner in accordance with applicable procedures of this rule. Upon payment of a transfer fee a new ERC certificate, certifying the title or interest in the ERC, shall be issued and the original certificate shall be canceled. Such cancellation shall be recorded in the banking register.
3. Nothing in this rule prevents the lease or temporary transfer, in whole or in part, of ERCs represented by certificates to be used as offsets. However, no transfers shall be made until application is made to the District and approved by the APCO.
4. Except as provided below, all emissions reductions to be used as offsets under the New Source Review rule must first be processed through this rule and receive an ERC certificate in accordance with the requirements of this rule. Onsite reductions in emissions which are contemporaneous with onsite increases in emissions from other emission units and meet the requirements of the NSR Rule are not required to go through this ERC/Banking Rule.
5. ERCs which result from stationary source shutdowns and curtailments shall not be used as offsets for a new or modified stationary source where the permitted emissions would exceed emissions thresholds established for the District in the Federal Clean Air Act for major source modifications, unless the applicant can establish the following:
 - a. The proposed new source or modification is a replacement and the shutdown or curtailment occurred after August 7, 1977, or
 - b. An application for credit was filed with the District within 180 days of the date of last emission; and
 1. The crediting of shutdown emissions complies with the most recent emission trading policy of regulations of the US Environmental Protection Agency; and

2. The District has met statutory planning mandates and air quality improvement milestones.
 6. On transfer of ownership of ERCs to a stationary source for use as offsets the registered owner shall provide information to the District on costs, if any, in dollars per ton, of emission offsets purchased for, or acquired by, the new or modified source.
- J. **Stationary Source ERC Calculations.** Calculations of emission reductions shall be determined by the methods described in the District's NSR Rule.
- K. **Open Biomass Burning ERC Calculations.** The MOP contains emission factors (EF), fuel loading factors (FL), default historical burn fractions (HBF), and default quarterly burn fractions (QBF). Default HBFs and QBFs shall be used to calculate the ERCs. An alternative use of parcel specific HBFs and QBFs may be used after a methodology is developed and receives written ARB concurrence. The alternative method is to address specific geographic areas with specific air quality problems. The following information will be used in the calculation of ERCs, however when using default HBF and QBF factors, paragraphs 3 and 4 below do not apply:
1. *Basic information.* The applicant shall provide data on the crop type, exact location of the parcel including assessor's parcel number and other information regarding parcel location required in the MOP, acreage burned (AB), and date(s) of open biomass burning within the baseline period. The applicant shall use county burn permit/authorization records or other verifiable records to validate the information as specified in the MOP. The type of biomass residue and the acreage burned (AB) will be used in the ERC calculation.
 2. *Acreage Burned.* The applicant for emission reductions from open biomass burning shall provide the acreage burned for each parcel(s) of land for which ERCs are applied. Acreage must have been burned for at least one of the five (5) baseline years of 1988 through 1992. The applicant shall use county burn permit/authorization records or other verifiable records to determine the acreage.
 3. *Historical burn fraction (HBF).* The applicant shall provide data on historical biomass burn percentage for the parcel(s) during the five (5) baseline years of 1988 through 1992. The historical burn fraction (0-1) is an adjustment to the amount of ERC available. The applicant may use county burn permit/authorization records or other verifiable records to determine the amounts of prior burning. For rice straw burning a historical burn fraction of one (1) will be used for the parcel (s).
 4. *Quarterly burn fraction (QBF).* The applicant shall provide available data on quarterly biomass burning for the parcel(s) during the five (5) baseline years of 1988 through 1992. The applicant may use county burn permit/authorization records or other verifiable records to determine the date(s) of burning. The quarters are defined as Jan-Mar, Apr-Jun, Jul-Sep, and Oct-Dec.
 5. The biomass fuel loading (FL) and emission factors (EF) set forth in the MOP shall be used for the crops indicated. Alternatively, the

applicant may propose and the District shall select the appropriate biomass fuel loading and emission factors to be used in the calculations from the Annual Agricultural Burning Plan for the Sacramento Valley Air Basin or other best available data.

6. *Discount acreage (DA)*. The applicant may reduce the total acreage covered by the ERC certificate to allow for continued burning of a portion of the total acreage of the parcel(s). This reduction in the total acreage covered will be reflected in the emission credits applicable to the parcel(s). The portion of the parcel(s) that is covered by the discount acreage (i.e. the acreage eligible for a burn permit) must be clearly identified. This portion will not be allowed to change without prior District notification and approval.
7. The District will determine a quarterly ERC value for each pollutant based on the following calculation:

$$ERCs = (AB - DA) * HBF * FL * EF * QBF$$

8. Stationary sources which have applied for an Authority to Construct or equivalent authority prior to the date of adoption of this Rule, and which thereafter apply for an ERC(s), may utilize the calculation factors contained in the MOP on the date of first adoption of this Rule.

L. District Enforcement Considerations.

1. Revision or cancellation of ERC certificates at the request of the registered owner to allow burning of a parcel(s) for which ERCs have been granted may be handled as follows, with prior written approval from the APCO :
 - a. The registered owner may request that the District reduce the quantities of the emissions covered by the ERC certificate by the amount of emissions associated with the reduced acreage requested. After the District revises the ERC certificate that portion of the parcel may be burned in accordance with current agricultural burning regulations. The portion of the parcel that is covered by the discount acreage (i.e. the acreage eligible for a burn permit) must be clearly identified. This portion will not be allowed to change without prior District notification and approval.
 - b. The registered owner may surrender the ERC certificate to the District for cancellation and burn the parcel(s) pursuant to current agricultural burning regulations.
2. District enforcement considerations related to ERCs are the following:
 - a. To meet the requirement of enforceability, a contract, permit conditions, no burn list, and/or other means shall be utilized.
 1. The primary means of enforcing open biomass burning ERCs will be by placing the parcel(s) on a no burn list. No burn permit will be issued for a parcel(s) if an ERC is currently in effect for that parcel unless the registered owner applies for cancellation, modification or substitution of the ERC under Section L1. of this Rule.

2. To further ensure the enforceability of ERCs and offsets from open biomass burning, an owner of a parcel with ERCs who is preparing to sell that property shall either:
 - a. Place a restriction on the parcel title, prior to sale, foregoing all open biomass burning on the parcel, or
 - b. Submit an application for transfer of ownership of the ERCs to the new landowner, within 14 days after the transfer of title to the parcel, consistent with the transfer procedures of this Rule. The ERCs shall automatically terminate 15 days after transfer of the land to a new owner unless the registered owner has complied with either of the two options in this Section(L.2.a.2.).
3. At the time of application, the applicant for ERCs for reduced open biomass burning must provide information to the District on the disposition of the biomass.
4. Emission reduction credits used to offset project emissions in another district shall be implemented through an interdistrict agreement to ensure their enforceability and permanence.
- b. Facilities that claim open burning emission reduction offsets pursuant to Health & Safety Code Sections 41605.5 and 42314.5 must keep a daily log of biomass received by type, origin, quantity, and date. Such facilities will also be required to prepare and submit to the District a quarterly report on their emissions and corresponding biomass offsets. The District will further require an annual status report on biomass contracts for the next year prior to reissuance of the annual Permit to Operate.
3. To further ensure enforceability of this Rule, refer to the Manual of Procedures which contains ERC and offset tracking, open biomass burn permitting, and other procedures related to the implementation of the Rule.
- M. **Fees.** Fees shall be required for application, analysis, transfer and replacement of an ERC certificate, as specified in District regulations or as follows:
 1. Stationary Sources shall pay annually an administrative fee of \$60, and a \$10 per ton fee.
 2. Open biomass burning sources shall pay the Agricultural Burning Monitoring Record Maintenance Fee annually as specified in Sec 10.1 of District Regulations.

SECTION 54 APPEALS. Within ten (10) days after notice by the *Air Pollution Control Officer* of denial or conditional approval of an Authorization to Construct or Permit to Operate the applicant may petition the Hearing Board, in writing, for a public hearing. The Hearing Board, after notice and a public hearing held within thirty (30) days after filing the petition, may sustain or reverse the action of the *Air Pollution Control Officer*; such order may be subject to specified conditions.

SECTION 55 OPERATION. If the *Air Pollution Control Officer* finds that any article, machine, equipment or other contrivance is emitting emissions in excess of the standards

established by these Regulations, he may petition the Hearing Board for a revocation of the operating permit. The Hearing Board, after notice and a public hearing held within thirty (30) days after filing of the petition, may issue an order revoking the operating permit, or the Hearing Board may require such article, machine, equipment or other contrivance to be modified or operated in such a manner that the emission standards will not be exceeded.

SECTION 56 PUBLIC INFORMATION. The *Air Pollution Control Officer* shall, when requested, make available to the public for examination all information and data compiled by or submitted to him in the performance of his duties except data deemed to be "trade secrets" by application of Section 6254.7 (d) of the Government Code.

SECTION 57 EXEMPTIONS. An Authorization to Construct or a Permit to Operate shall not be required for:

- A. Vehicles as defined by the Vehicle Code of the State of California, but not including any article, machine, equipment or other contrivance mounted on such vehicle that would otherwise require an Authorization to Construct under the provisions of these Regulations.
- B. Vehicles used to transport passengers or freight.
- C. Equipment utilized exclusively in connection with any structure, which structure is designed for and used exclusively as a dwelling for not more than two (2) families.
- D. The following equipment:
 - 1. Comfort air conditioning or comfort ventilating systems which are not designed to remove air contaminants generated by or released from specific units or equipment.
 - 2. Refrigeration units except those used as, or in conjunction with, control equipment.
 - 3. Piston-type internal combustion engines used exclusively for agricultural irrigation.
 - 4. Water cooling towers and water cooling ponds not used for evaporative cooling of process water or not used for evaporative cooling of water from barometric jets or from barometric condensers.
 - 5. Equipment used exclusively for steam cleaning.
 - 6. Presses used exclusively for extruding metals, minerals, plastics or wood.
 - 7. Incinerators when used for burning of combustible waste of a single or two family dwelling.
 - 8. Brazing, soldering or welding equipment.
- E. Space Heaters.
- F. Equipment used in eating establishments for the purpose of preparing food for human consumption.
- G. Steam heated by natural gas or LPG, or both.
- H. Self-propelled mobile construction equipment other than pavement burners.
- I. The on farm use of implements of husbandry.
- J. Containers, reservoirs or tanks used exclusively for:
 - 1. Storage of liquefied gases.
 - 2. The storage of fuel oils with a gravity of 40 degrees AP1 or lower.

- 3. The storage of lubricating oils.
- 4. The storage of gasoline having a capacity of less than 250 gallons.
- K. Structural changes which cannot change the quality, nature or quantity of air contaminant emissions.
- L. Identical replacements in whole or in part of any article, machine, equipment or other contrivance.
- M. Repairs or maintenance not involving structural changes to any article, machine, equipment or other contrivance.
- N. Other sources of minor significance specified by the *Air Pollution Control Officer*.